



DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT RE-ALLOCATION OF FUNDS FROM CONTRACT AGENCIES	POLICY NO. 800.03	EFFECTIVE DATE 09/01/2004	PAGE 1 of 2
APPROVED BY: Original signed by: ROBERTO QUIROZ Director	SUPERSEDES 400.4 09/01/2004	ORIGINAL ISSUE DATE 10/01/1989	DISTRIBUTION LEVEL(S) 1, 2

PURPOSE

- 1.1 To provide guidelines regarding the re-allocation of State/Federal funds from contract providers.

POLICY

- 2.1 The Department of Mental Health (DMH) shall establish a process for the re-allocation of funds for contracted services.

PROCEDURE

- 3.1 The following conditions are to be considered as a basis for the re-allocation of contract funds:
 - 3.1.1 In the event of underutilization of units of services, the provider's agreement may be amended to reflect the adjusted units of service or DMH may, at its sole discretion, terminate this agreement, according to the terms as noted in Section 15, "Underutilization of Agreement."
 - 3.1.2 DMH Program Deputy Directors will identify agencies for expanded services and/or those agencies that demonstrate potential for providing augmented services (overutilization). DMH may award additional monies through the re-allocation process to contract providers who overutilize or provide services beyond those that are budgeted, provided this program expansion has been approved by the Program Deputy Director or designee.
- 3.2 Procedures under which the re-allocation of funds will occur consist of:
 - 3.2.1 Funding emerging from underutilized programs will serve as a pool of potential funding for the re-allocation process.



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- 3.2.2 The appropriate Program Deputy Director will inform the Contract Monitoring and Review Committee (CMRC) of those contract agencies to which re-allocated funds may be directed.
- 3.2.3 The CMRC will review and analyze their allocation recommendations for discussions at a regular meeting of the CMRC.
- 3.2.4 The Program Deputy Directors will review the recommendation of the CMRC and render his/her support or rejection.
- 3.2.5 The Program Deputy Director will submit his/her recommendation to the Director of Mental Health.
- 3.2.6 The CMRC is then notified of the re-allocation decision.

AUTHORITY

Auditor-Controller, Grants Management Audit (1986)

REVIEW DATE

This policy shall be reviewed on or before August 1, 2009.